

AGREEMENT TO LEASE RAILROAD EQUIPMENT

DATED AS OF JUNE 1, 1975

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INTERSTATE COMMERCE COMMISSION

Between

U. S. STEEL CREDIT CORPORATION
Lessor,

and

ANDREW L. LEWIS, JR. and JOSEPH L. CASTLE,
Trustees of the property of Reading Company, Debtor,
Lessee.

Covering 100 rehabilitated 77-ton Hopper Cars

This AGREEMENT TO LEASE RAILROAD EQUIPMENT (hereinafter the "Agreement") is dated as of June 1, 1975, and made between U. S. Steel Credit Corporation, a Pennsylvania corporation (hereinafter "Lessor"), and ANDREW L. LEWIS, JR. and JOSEPH L. CASTLE, Trustees of the property of Reading Company, Debtor, (hereinafter "Debtor") (such Trustees being hereinafter called "Lessee" or "Trustees"); WITNESSETH:

WHEREAS, on the 23rd day of November, 1971, Debtor filed a petition for reorganization under Section 77 of the Bankruptcy Act in the United States District Court for the Eastern District of Pennsylvania and such petition was duly approved as properly filed by order entered on said date by said Court (the proceedings with respect thereto being hereinafter called the Reorganization Proceedings), and the Trustees have been duly qualified as trustees of the property of the Debtor; and

WHEREAS, Lessee desires to lease from Lessor commencing no later than December 31, 1975, one hundred (100) 77-ton open top hopper cars bearing Debtor's road numbers 59000 to 59099, both inclusive (hereinafter "Car" or "Cars"), at the rentals and for the terms and upon the conditions hereinafter provided, subject to the approval of said Court.

NOW, THEREFORE, in consideration of the premises and of the rentals to be paid and the covenants hereinafter mentioned to be kept and performed by Lessee, Lessor hereby undertakes to lease the Cars to Lessee, and Lessee hereby agrees to lease the Cars from Lessor, upon the following terms and conditions:

Section 1. Delivery of Cars. Lessor will cause the Cars to be delivered to Lessee at Reading, Pennsylvania.

Section 2. Acceptance of Cars. Lessee will cause its authorized representative to accept delivery of the Cars and to execute and deliver to Lessor a certificate of acceptance therefor (hereinafter the "Certificate of Acceptance") in the form of Exhibit "A" hereto; whereupon each such Car shall be deemed to have been delivered to and accepted by Lessee and shall be subject thereafter to all terms and conditions of this Agreement.

Section 3. Title. At all times while this Agreement is in force no title or other right of ownership in the Cars shall be vested in Lessee, and delivery of possession of the Cars to Lessee and Lessee's possession of the Cars shall constitute only a bailment.

Section 4. Rentals. Commencing on the date on which Lessor makes its payment for the acquisition and rehabilitation of the initial 60 Cars and until the commencement of the Initial Term (as defined in Section 5 hereof), Lessee will pay Lessor, as interim rent for the initial 60 Cars, a per diem amount equal to .0372% of the total cost to Lessor to acquire the initial 60 Cars, which cost is estimated to be \$930,000. The interim rent shall be paid upon commencement of the Initial Term.

During the Initial Term Lessee will pay Lessor, as rental for the Cars, quarterly in advance, 48 consecutive quarterly payments each in an amount equal to 3.3528% of the total cost to Lessor to acquire the Cars, which total cost is estimated to be \$1,550,000. The initial rental payment date shall be the date on

which Lessor makes its final payment for the acquisition and rehabilitation of the Cars (hereinafter the "Final Settlement Date"), which shall not be later than January 30, 1976. Subsequent quarterly rental payments shall be due on the same day of the month as the first day of the Initial Term, of every third month thereafter during the Initial Term and any extensions or renewals thereof (hereinafter the "Rental Payment Date").

All payments to Lessor provided for in this Agreement shall be made to Lessor at P.O. Box 7591, Church Street Station, New York, New York 10249, or at such other places as Lessor from time to time shall specify in writing.

The lease embodied in this Agreement is a net lease and Lessee shall not be entitled to any abatement of rent or other payments due hereunder or any reduction thereof under any circumstances or for any reason whatsoever, including but not limited to, abatements or reductions due to any present or future claims of Lessee against Lessor or any assignee of Lessor under this Agreement or otherwise, nor, except as otherwise expressly provided herein, shall this Agreement terminate, or the respective obligations of Lessor or Lessee be otherwise affected, by reason of any defect in or failure of title of the Lessor to the Cars or damage to or loss or destruction of all or any of the Cars from whatever cause, the taking or requisition of the Cars by condemnation or otherwise, the prohibition of Lessee's use of the Cars, the interference with such use by any

government, person or corporation, the invalidity or unenforceability or lack of due authorization or other infirmity of this Agreement, or lack of right, power or authority of Lessor or Lessee to enter into this Agreement, or for any other cause whether similar or dissimilar to the foregoing, any present or future law to the contrary notwithstanding, it being the intention of the parties hereto that the rents and other amounts payable by Lessee hereunder shall continue to be payable in all events unless the obligation to pay the same shall be terminated pursuant to the express provisions of this Agreement.

The obligations to make rental and other payments under this Agreement will constitute expenses of administration of the Lessee, and will rank equally and ratably in priority of payment with all other expenses of administration of the Lessee, except the obligations of the Lessee under a Refinancing Agreement between it and the United States of America dated as of October 1, 1973, with respect to 57 diesel locomotives, and except trustees' certificates heretofore or hereafter issued by the Lessee.

If any amounts payable pursuant to the terms of this Agreement, including, but not limited to rentals due hereunder, remain unpaid after the same shall become due and payable, Lessee shall pay interest on such overdue amounts for the period of time during which they are overdue at the rate of 14% per annum (hereinafter the "Penalty Interest Rate"), it being expressly understood that this provision shall be in addition to any other

rights which Lessor may have under this Agreement in the event Lessee fails to make payments required hereunder when the same shall have become due and payable.

Section 5. Term of Lease; Purchase Options; Renewal Terms; Rentals for First and Second Renewal Terms. The Initial Term of this Lease (hereinafter the "Initial Term") shall begin on the Final Settlement Date, and, subject to the provisions of this Section and Section 10 hereof, shall terminate at the expiration of twelve (12) years from the commencement of the Initial Term.

At the end of the Initial Term Lessee may either purchase the Cars at their then fair market value, lease the Cars for an additional one (1) year term (the "First Renewal Term") for a fair rental value payable quarterly in advance, or return the Cars to Lessor.

At the end of the First Renewal Term Lessee may either purchase the Cars at their then fair market value, lease the Cars for an additional one (1) year term (the "Second Renewal Term") for a fair rental value payable quarterly in advance, or return the Cars to Lessor.

At the end of the Second Renewal Term Lessee may purchase the Cars at their then fair market value, or return the Cars to Lessor.

Notwithstanding anything to the contrary contained in this Section 5, Lessee may exercise any of the options described in this Section 5 only if (i) at the time of such exercise

Lessee is not in default hereunder; (ii) Lessee shall have given Lessor 180 days' prior written notice of its election to exercise any such option; and (iii) the elected option is exercised with respect to all, but not less than all, of the Cars then covered by this Agreement.

When and as necessary, the fair market value or fair rental value shall be an amount mutually agreed upon by Lessor and Lessee. Lessee shall estimate and tender to Lessor the fair market value or the first quarterly payment of the fair rental value, as the case may be, with the 180 day notice set forth above. In the event Lessor rejects Lessee's estimate and the parties cannot otherwise agree within 60 days after mailing of Lessee's notice to exercise one of its options hereunder, then the fair market value or fair rental value shall be determined by an appraiser selected by mutual agreement. If the parties are unable to agree upon an appraiser, or if the fair market value or fair rental value is not determined within 90 days after mailing of Lessee's notice to exercise one of its options hereunder, Lessor and Lessee shall each select an appraiser within 5 days thereafter and the two appraisers so selected shall select a third appraiser within 10 days after selection of the two appraisers. The three appraisers shall determine, by the agreement of any two appraisers, the fair market value or fair rental value within 30 days after appointment of the third appraiser. If the three appraisers fail to make such determination within the said

30 day period, the same shall be determined by the American Appraisal Company. All costs of appraisal shall be borne by Lessee.

Section 6. Identification Marks. Lessee will cause each Car to be numbered with the new road numbers hereinabove set forth, and will keep and maintain, plainly, distinctly, permanently and conspicuously marked on each side of each Car, in letters not less than one inch in height, "U. S. Steel Credit Corporation, Pittsburgh, PA, Owner and Lessor", or other appropriate words designated by Lessor, with appropriate changes thereof and additions thereto as from time to time may be requested by Lessor or required by law in order to protect Lessor's title to the Cars and its rights under this Agreement. Lessee will not place any Car in operation until such words shall have been so marked on both sides thereof and will replace promptly any such names and word or words which may be removed, defaced or destroyed. Lessee will not change the road number of any Car except with Lessor's consent and in accordance with a statement of new numbers to be substituted therefor, which consent and statement or reference thereto previously shall have been filed with Lessor by Lessee and filed, recorded or deposited in all public offices where this Agreement shall have been filed, recorded or deposited.

Except as above provided, Lessee will not allow the name of any person, association or corporation to be placed on the Cars as a designation that might be interpreted as a claim

of ownership; provided, however, that Lessee may cause the Cars to be lettered with the names or initials or other insignia customarily used by Lessee or its affiliates on railroad equipment used by it of the same or a similar type for convenience of identification of the right of Lessee to use the Cars under this Agreement.

Section 7. Taxes. Lessee agrees that, during the continuance of this Agreement, in addition to the rentals and other payments herein provided, it will promptly pay all taxes, assessments, fees, charges, fines, penalties, and other governmental charges, including but not limited to sales or use taxes, levied or assessed upon the Cars or the interest of Lessee in the Cars subject to this Agreement or any thereof or upon the use or operation thereof or the earnings of Lessee arising therefrom; and will promptly pay or reimburse Lessor for all such taxes, assessments, fees, charges, fines, penalties and other governmental charges levied or assessed against Lessor on account of its acquisition or ownership of the Cars or any thereof or on account of the use or operation thereof or on account of the earnings arising therefrom (exclusive, however, of federal, state, or local income taxes on the rentals herein provided except any such tax on rentals which is in substitution for, or relieves Lessee from, the payment of taxes which it would otherwise be obligated to pay or reimburse as hereinbefore provided), including but not limited to any sales or use, general business and mercantile license taxes payable on account of the acquisition or ownership

of the Cars or any thereof by Lessor or on account of the leasing of the Cars hereunder (all such taxes, assessments, fees, charges, fines, penalties and other governmental charges being hereinafter called "Impositions") and will keep at all times all and every part of such Cars free and clear of all Impositions which might in any way affect Lessor's title or result in a lien upon any such Car; provided, however, that Lessee shall not be required to pay the same so long as it shall in good faith and by appropriate legal or administrative proceedings contest the validity or amount thereof unless thereby, in Lessor's judgment, the rights or interests of Lessor will be materially endangered. In the event any tax reports are required to be made on the basis of individual Cars, Lessee will either make such reports in such manner as to show the ownership of such Cars by Lessor or will notify Lessor of such requirement and will make such report in such manner as shall be satisfactory to Lessor.

In the event that during the continuance of this Agreement Lessee becomes liable for the payment or reimbursement of any Imposition, pursuant to this Section, such liability shall continue, notwithstanding the expiration of this Agreement, until all such Impositions are paid or reimbursed by Lessee.

Section 8. Payment for Casualty Occurrence or for Cars Unserviceable for Use. In the event any Car delivered hereunder to Lessee shall be or become worn out, lost, stolen, destroyed, irreparably damaged, or, in the opinion of Lessor and Lessee, ob-

solete or economically unserviceable for use from any cause whatsoever, or shall be requisitioned or taken over by any governmental authority under the power of eminent domain or otherwise (each such occurrence being hereinafter called a "Casualty Occurrence") during the continuance of this Agreement, Lessee shall promptly (after it has knowledge of such Casualty Occurrence) and fully inform Lessor in regard thereto by written notice. On the next Rental Payment Date hereunder following the happening of a Casualty Occurrence, Lessee will pay Lessor on account of the affected Cars the stipulated loss value thereof (hereinafter the "Stipulated Loss Value"), calculated as of such next Rental Payment Date at \$15,500 per Car times the applicable percentage set forth in the Schedule of Stipulated Loss Values which is attached hereto, made a part hereof and marked Exhibit "B". Upon paying the Stipulated Loss Value of the Car or Cars which shall have suffered a Casualty Occurrence, rental for such Car or Cars shall cease to accrue after that Rental Payment Date, the total cost (referred to in Section 4 hereof) of such Car or Cars being subtracted from the total cost of all of the Cars, and Lessee shall thereupon automatically take title to such Car or Cars as-is, where-is, without warranty by Lessor express or implied with respect to any matter whatsoever. Lessor will remit to Lessee as received any net insurance proceeds payable as the result of insurance carried by Lessee or proceeds of an award in eminent domain or condemnation proceedings received by Lessor in respect of Cars suffering Casualty Occurrences.

Lessee shall bear the risk of, and, except as herein provided, shall not be released from its obligations hereunder in the event of, any Casualty Occurrence to any Car after Lessee's acceptance thereof.

Section 9. Disclaimer of Warranties; Compliance with Laws and Rules; Maintenance; Insurance and Indemnification.

LESSOR MAKES NO WARRANTY OR REPRESENTATION, EITHER EXPRESS OR IMPLIED, AS TO THE DESIGN OR CONDITION OF, OR AS TO THE QUALITY OF MATERIAL, EQUIPMENT OR WORKMANSHIP IN, THE CARS, AND LESSOR MAKES NO WARRANTY OF MERCHANTABILITY OR FITNESS OF THE CARS FOR ANY PARTICULAR PURPOSE OR AS TO TITLE TO THE CARS OR ANY COMPONENT THEREOF AT THE TIME OF DELIVERY THEREOF TO LESSEE, it being agreed that all such risks, as between Lessor and Lessee, are to be borne by Lessee; but Lessor hereby irrevocably appoints and constitutes Lessee its agent and attorney-in-fact during the term of the lease embodied in this Agreement, to assert and enforce from time to time, in the name of and for the account of Lessor and Lessee, as their interests may appear, at Lessee's sole cost and expense, whatever claims and rights Lessor may have against the seller, manufacturer or any other third party with respect to the Cars or any of them. Lessee's delivery of a Certificate of Acceptance shall be conclusive evidence as between Lessee and Lessor that the Cars described therein are in all respects satisfactory to Lessee, and Lessee will not assert any claim of any nature whatsoever against Lessor in connection therewith.

Lessee agrees to comply in all respects (including, without limitation, with respect to the use, maintenance and operation of each Car) with all Governmental laws, including all laws of the jurisdiction in which its operations involving the Cars may extend, with the interchange rules of the Association of American Railroads and with all lawful rules of the Federal Department of Transportation, the Interstate Commerce Commission and any other legislative, executive, administrative or judicial body exercising any power or jurisdiction over the Cars, to the extent that such laws and rules affect the title, operation or use of the Cars, and in the event that such laws or rules require any alteration of any Car, or in the event that any equipment or appliance on any such Car shall be required to be changed or replaced, or in the event that any additional or other equipment or appliance is required to be installed on any such Car in order to comply with such laws or rules, Lessee will make such alterations, changes, replacements and additions promptly and at its own expense; provided, however, that Lessee may, in good faith, contest the validity or application of any such law or rule in any reasonable manner which does not, in the opinion of Lessor, adversely affect Lessor's property or rights under this Agreement.

Lessee agrees that, at its own cost and expense, it will maintain and keep each Car in good order and repair and will furnish any and all parts, devices, supplies and labor required in connection therewith.

Any and all additions to any Car and any and all accessory parts installed on and additions and replacements

thereto shall constitute accessions to such Car and, at the cost and expense of Lessee, full ownership thereof free from any lien, charge, security interest or encumbrance shall immediately be vested in Lessor; provided, however, that upon the termination of this Agreement, unless Lessor shall have paid to Lessee the then depreciated value of such accession, Lessee may remove the same and shall restore the Car to its previous condition.

Lessee agrees to indemnify, protect and hold harmless Lessor and its successors and assigns from and against (a) any and all loss or damage of or to the Cars, usual wear and tear excepted, and (b) any and all losses, expenses, damages, injuries, liabilities, claims and demands whatsoever, regardless of the cause thereof, and expenses in connection therewith, including, but not limited to, reasonable counsel fees and expenses, patent liabilities, penalties and interest, arising in any way out of or as the result of the entering into or the performance of this Agreement, the ownership of any Car, the transportation, leasing, use, operation, condition, purchase, rehabilitating, delivery, rejection, or storage of any Car or any accident in connection with the transportation, leasing, operation, use, condition, possession, or storage of any Car resulting in damage to property or injury or death to any person, or arising by reason or as a result of any act or omission of the Lessee for itself or as agent or attorney-in-fact for Lessor hereunder. The indemnities arising hereunder shall continue in full force and effect notwithstanding the full payment of all obligations under the lease embodied in this Agreement or the termination of that lease.

Lessee will, at all times while the lease included in this Agreement is in effect, at its own expense, cause to be carried and maintained, in respect of the Cars at the time subject hereto, public liability and casualty insurance in amounts and against risks customarily insured against by railroad companies on similar equipment, and in any event in amounts and against risks comparable to those insured against by Lessee on equipment owned by it, provided that the casualty insurance shall not be less than the Stipulated Loss Value and the public liability insurance shall be in amounts not less than \$1,000,000 for each personal injury or death as a result of any one occurrence and \$10,000,000 for all personal injuries or deaths as a result of any one occurrence and \$1,000,000 for property damage as a result of any one occurrence. Such insurance shall be in form and amount and with companies approved by Lessor and shall include Lessee and Lessor as named insureds as their interests may appear, and may have a \$10,000 deductible for liability insurance and a \$5,000 per accident deductible for casualty insurance. Lessee shall deliver said policies, or duplicates thereof, to Lessor. Each insurer shall acknowledge and agree by endorsement upon the policy or policies issued by it or by independent instrument furnished to Lessor that it will make payment of any claims in respect of the Cars jointly to Lessee and Lessor for application in accordance with the terms of this Agreement and give Lessor at least thirty (30) days written notice before the policy in question shall be altered or cancelled. The proceeds of such insurance, at the option of Lessor, shall be applied toward (a) the replacement,

restoration or repair of the Cars, (b) payment of the Stipulated Loss Value thereof or (c) payment or as provision for satisfaction of the other obligations of Lessee hereunder.

Lessee agrees to prepare and deliver to Lessor within a reasonable time prior to the required date of filing (or, to the extent premissible, file on behalf of Lessor) any and all reports (other than income tax returns) to be filed by Lessor with any federal, state or other regulatory authority by reason of Lessor's ownership of the Cars or the leasing thereof to Lessee.

Section 10. Default. If, during the continuance of the lease embodied in this Agreement, one or more of the following events (herein sometimes called "Events of Default") shall occur:

A. failure to pay when due any part of the rental provided in Sections 4 and 5 hereof, which failure shall continue for ten (10) days after the due date thereof;

B. nonpayment of any other amount provided for in this Agreement when the same becomes due, or default by Lessee in performing any obligation, term or condition of this Agreement, provided such nonpayment or default shall continue for more than five (5) days after written notice from Lessor of such nonpayment or default;

C. the Lessee shall make or permit any unauthorized assignment or transfer of this Agreement or of

possession of the Cars, or any thereof (it being understood that any transfer contemplated in subsection F below shall be deemed authorized);

D. a decree or order is entered in the Reorganization Proceedings preventing or disabling the Trustees from performing any of their obligations under this Agreement;

E. any certificate, statement, representation, warranty or audit heretofore or hereafter furnished by or on behalf of Lessee or any other party liable for payment or performance of this Agreement proves to have been false in any material respect at the time as of which the facts therein set forth were stated or certified or has omitted any substantial contingent or unliquidated liability or claim against Lessee or any such other party;

F. the obligations of the Trustees hereunder are assumed by a corporation or by the Debtor's successor under the provisions of the Regional Rail Reorganization Act of 1973 or pursuant to a plan of reorganization for the Debtor approved in the Reorganization Proceedings or pursuant to an authorized assignment of this Agreement, (such corporation or successor being hereinafter called the "Successor") and either

(i) a petition for reorganization under Section 77 of the Bankruptcy Act, as now constituted or as said Section 77 may be hereafter amended, shall

be filed by or against the Successor and all the assumed obligations of the Successor under this Agreement shall not have been duly assumed in writing, pursuant to a court order or decree, by a trustee or trustees appointed in such proceedings or otherwise given a status comparable to obligations incurred by such a trustee or trustees, within 30 days after such appointment, if any, or 60 days after such petition shall have been filed, whichever shall be earlier; or

(ii) any other proceedings shall be commenced by or against the Successor for any relief under any bankruptcy or insolvency laws, or laws relating to the relief of debtors, readjustments of indebtedness, reorganization, arrangements, compositions or extensions (other than a law which does not permit any readjustment of the Successor's obligations hereunder) and all the obligations of the Successor under this Agreement shall not have been duly assumed in writing, pursuant to a court order or decree, by a trustee or trustees or receiver or receivers appointed for the Successor or for the Successor's property in connection with any such proceedings or otherwise given a status comparable to obligations incurred by such a trustee or trustees or receiver or receivers, within 30 days after such appointment, if any, or 60 days after such proceedings shall have been commenced, whichever shall be earlier; or

G. all or substantially all of the railroad property of the Debtor is conveyed to a government corpo-

ration, agency or other public entity, or a corporation formed under the provisions of the Regional Rail Reorganization Act of 1973, and such successor does not, within 30 days after such conveyance, give public or private notice of its intention to assume this Agreement in particular or equipment lease obligations of the Lessee in general;

then, in each and every such case, Lessor, at its option may

(a) proceed by appropriate court action or actions, either at law or in equity, to enforce Lessee's performance of the applicable covenants of this Agreement or to recover damages for the breach thereof; or

(b) by notice in writing to Lessee, terminate this Agreement and the lease embodied herein forthwith as to any or all Cars, whereupon all right of Lessee to the use and possession of such Car or Cars shall absolutely cease and determine as though this Agreement had never been made, but Lessee shall remain liable as hereinafter provided, and thereupon Lessor may by its agents enter upon the premises of Lessee or other premises where any of the Cars may be and without any court order or other process of law take possession of all or any of such Cars and thenceforth hold, possess and enjoy the same free from any right of Lessee, or its successors or assigns,

to use the Cars for any purposes whatever, Lessee hereby waiving any and all damages occasioned by such taking of possession, but Lessor shall, nevertheless, have a right to recover from Lessee any and all amounts which under the terms of this Agreement may be then due or which may have accrued to the date of such termination (computing the rental for any number of days less than a full rental period by multiplying the rental for such full rental period by a fraction of which the numerator is such number of days and the denominator is the total number of days in such full rental period) and also to recover forthwith from Lessee the following amounts as a part of Lessor's damages:

(i) the Stipulated Loss Value of the Cars as of the date of default, as that value is set forth in the Schedule of Stipulated Loss Values, Exhibit "B" hereto, subject to credit or reimbursement by Lessor to Lessee for any rentals Lessor may earn on the Cars from the date of default to the end of the Second Renewal Term, net of Lessor's expenses incurred in connection with such releasing, the amount of such credit or reimbursement to be limited to the sum of all rentals for the Cars which would otherwise have accrued hereunder during that period, such net rentals or credit to be paid to or credited to Lessee's account

within a reasonable time after their receipt by Lessor, or, alternatively, subject to such credit or reimbursement for the net proceeds of any sale of the Cars by Lessor (the parties hereto expressly agreeing that such sale shall be deemed to have been made in a commercially reasonable manner) concluded prior to the end of the Second Renewal Term, net of Lessor's expenses incurred in connection with such sale, the amount of such credit or reimbursement to be limited to the amount of the Stipulated Loss Value charged Lessee pursuant to this Section; and

(ii) a reasonable provision for expenses incidental to the Lessor's enforcement of its rights hereunder including, but not limited to, expenses of taking possession of the Cars if the Cars have not been delivered to Lessor by Lessee as provided under Section 11 hereof; and

(iii) any damage which the Lessor shall have sustained by reason of the breach of any covenants of this Agreement; and

(iv) interest on any of the above amounts at the Penalty Interest Rate from the date of default until the date of payment; and

(v) reasonable attorneys' fees and costs of suit incurred in connection with the enforcement of the provisions of this Agreement.

The remedies of this Agreement provided in favor of Lessor shall not be deemed exclusive, but shall be cumulative, and shall be in addition to all other remedies in its favor existing at law or in equity and may be enforced concurrently therewith or from time to time. Lessor's failure to enforce any provision hereof or its failure to avail itself of any remedy afforded hereunder shall not be deemed a waiver thereof. Lessee hereby waives any provision of any law now or hereafter in effect which might limit or modify any of the remedies of Lessor provided hereunder or exempt any property of Lessee, except insofar as such waiver would conflict with the Bankruptcy Act or with any action taken pursuant to the Regional Rail Reorganization Act of 1973.

Notwithstanding anything to the contrary herein contained, in the event that this Agreement is assigned to any other person, firm, corporation or entity pursuant to Section 12 hereof:

(1) Lessor's remedies arising under Section 7 hereof shall be limited to such assignee, except for (a) Impositions attributable to any event or transaction occurring, or to any period ended, on or before the date when such assignment becomes effective, and (b) a pro rata portion of Impositions attributable to any period in which such assignment becomes effective, based on the proportion that the number of days from the beginning of such period to and including the date when such assignment becomes effective bears to the total number of days in such period;

(2) Lessor's remedies arising under Section 19 hereof shall be limited to such assignee, except as provided in (3) below

in this Section, and except for amounts attributable to (a) losses of all or any portion of any depreciation deductions or other Federal income tax benefits (except loss of investment tax credits and recapture of same) for any taxable year or years ended on or before the date when such assignment becomes effective, (b) a pro rata portion of any losses of all or any portion of any depreciation deductions or other Federal income tax benefits (other than loss of investment tax credits and recapture of same) for the taxable year in which such assignment becomes effective, said proration to be based upon the proportion which the number of days from the beginning of said taxable year to and including the date when such assignment becomes effective bears to the total number of days in said taxable year and (c) any losses of all or any portion of any investment tax credits (other than by recapture thereof), allocated as between the Trustees and such assignee for this purpose by allocating to the Trustees all of such losses of investment tax credits if such assignment becomes effective at or after the expiration of seven (7) years from the commencement of the Initial Term, or if such assignment becomes effective at an earlier date, by allocating to the Trustees a pro rata proportion of all of such losses of investment tax credits, based on the proportion which the number of years (and the fractional part of a year, if any) in the period from the commencement of the Initial Term to and including the date when such assignment becomes effective bears to seven (7) years; and

(3) Lessor's remedies arising in the event of recapture of investment tax credits, including, but not limited to, recapture

of investment tax credits under Section 8 hereof, shall be limited to such assignee unless the event causing the recapture of investment tax credits occurs before the effective date of such assignment.

Section 11. Return of Cars Upon Termination. Upon termination of the lease embodied in this Agreement for any reason, Lessee shall forthwith deliver possession of the Cars to Lessor in their original condition, reasonable wear and tear excepted. For the purpose of delivery of possession of the Cars to Lessor as above required, Lessee shall at its own cost, expense and risk:

(a) forthwith place the Cars upon such storage tracks of Lessee as Lessor may reasonably designate;

(b) permit Lessor to store the Cars on such tracks at Lessee's risk for a period not to exceed six (6) months; and

(c) transport the same to any place on the lines of any railroad not more than 250 miles from a connecting point of the Reading railroad, as now constituted, for shipment, as directed by Lessor.

The assembling, delivery, storage and transporting of the Cars as herein provided shall be at Lessee's expense and risk and are of the essence of this Agreement, and upon application to any court of equity having jurisdiction in the premises Lessor shall be entitled to a decree against Lessee requiring specific performance of the covenants of Lessee so to assemble, deliver store and transport the Cars. During any storage period, Lessee

will permit Lessor or any person designated by it, including the authorized representative or representatives of any prospective purchaser or lessee of any Car, to inspect the same. If the termination of this lease is a direct result of a conveyance of Debtor's property and this Lease is not assumed in full by a successor defined in Section 10 G, or if the Court in the Reorganization Proceedings has ordered the liquidation of Debtor's railroad property and such order is not rescinded within 30 days of such order, the assembly, storing and transporting as provided herein will be performed by the Lessee to the best of its ability; provided that, in any event, the assembling, storing and transportation of the Cars as aforesaid shall be at the expense of the Lessee. If this lease has been assumed by such a successor, then the preceding lessee shall be relieved of the obligation to assemble and store the Cars on its tracks and to transport them over its lines.

Without in any way limiting Lessee's obligation hereunder, Lessee hereby irrevocably appoints Lessor as Lessee's agent and attorney, with full power and authority, at any time while Lessee is obligated to deliver possession of any Car to Lessor, to demand and take possession of such Car, in the name and on behalf of Lessee, from whoever shall be in possession of such Car at the time.

Section 12. Assignment; Possession and Use. This Agreement may be assigned in whole or in part by Lessor without Lessee's consent, but Lessee shall be under no obligation to any assignee of Lessor except upon written notice of such

assignment from Lessor. In the event of Lessor's assignment, Lessor's transferee or assignee shall have, to the extent transferred or assigned to it, all rights, powers, privileges and remedies of Lessor hereunder. Lessee agrees that no such transferee or assignee shall assume any obligation (except the obligation of quiet enjoyment free from hindrance from those claiming by or under such transferee or assignee) of Lessor hereunder, and that the obligations of Lessee hereunder shall not be subject, as against any such transferee or assignee, to any defense, set-off or counterclaim available to Lessee against Lessor and that the same may be asserted only against Lessor. It is understood and agreed, however, that Lessee may separately claim against Lessor as to any matters which Lessee may be entitled to assert against Lessor. All the rights of Lessor hereunder (including, but not limited to, the rights to receive the rentals payable under this Agreement) shall inure to the benefit of Lessor's assigns (including the partners or any beneficiary of any such assignee if such assignee is a partnership or a trust, respectively). Whenever the term Lessor is used in this Agreement it shall apply and refer to each such assignee of Lessor.

So long as Lessee shall not be in default under this Agreement, Lessee shall be entitled to the possession and use of the Cars in accordance with the terms of this Agreement. Lessee shall not assign or transfer its leasehold interest under this Agreement other than pursuant to the provisions of the Regional Rail Reorganization Act of 1973, except, however,

for any rights in and to the Lessee's interest in the lease embodied in this Agreement which may accrue to the Manufacturers Hanover Trust Company (hereinafter called the "Mortgagee"), as successor to the Central Union Trust Company as Mortgagee under a Mortgage and Deed of Trust dated January 2, 1924, between the Debtor and the Mortgagee, as amended and supplemented, and except that, with the prior written consent of the Lessor (which consent shall not be unreasonably withheld), the Lessee may assign all of its rights under this Agreement to a third party of reliable standing with the financial community which shall have duly assumed Lessee's obligations hereunder, provided that the obligations of Trustees as Lessee hereunder shall thereupon terminate except as to obligations arising prior to the assignment.

Lessee, at its own expense, will promptly pay or discharge any and all sums claimed by any party which, if unpaid might become a lien, charge, security interest or other encumbrance (other than an encumbrance created or incurred by Lessor which is not the result of any act or omission of Lessee and other than the lien of the said Mortgage and Deed of Trust) upon or with respect to any Car, including any accession thereto, or the interest of Lessor, or Lessee therein, and will promptly discharge any such lien, claim, security interest or encumbrance which arises. Lessee shall not, without Lessor's prior written consent, part with the possession or control of, or suffer or allow to pass out of its possession or control, any of the Cars, except as permitted herein.

So long as Lessee shall not be in default under this Agreement, Lessee shall be entitled to the possession of the

Cars and to the use of the Cars upon lines of railroad owned or operated by it or upon lines of railroad over which Lessee has trackage or other operating rights or over which Lessee's railroad equipment is regularly operated pursuant to contract, and also to permit the use of the Cars upon connecting and other carriers in the usual interchange of traffic, but only upon and subject to all the terms and conditions of this Agreement; provided, however, that Lessee shall not assign or permit the assignment of any Car to service involving the regular operation and maintenance thereof outside the United States of America or any operation and maintenance thereof at any time outside the United States of America and the Dominion of Canada. Lessee may receive and retain compensation for such use from other railroads so using any of the Cars.

Nothing herein shall be deemed to restrict Lessee's right to assign or transfer its interest under this Agreement or possession of the Cars under the provisions of the Regional Rail Reorganization Act of 1973, or to any railroad corporation incorporated under the laws of any state of the United States of America or the District of Columbia (which shall have duly assumed Lessee's obligations hereunder) into or with which Debtor's property shall have become merged or consolidated or which shall have acquired the property of Debtor as an entirety or substantially as an entirety, provided that such assignee or transferee will not, upon the effectiveness of such merger or consolidation, be in default under any provision of this Agreement.

In the event that the Reorganization Proceedings shall

be dismissed or terminated or the property of the Debtor surrendered by the Trustees or their successor or successors, the Lessor shall receive prior notification of the proposed dismissal, termination or surrender and provision shall be made in connection therewith for the assumption of all the obligations then existing or to accrue of the Trustees under this Agreement as a general obligation by the Debtor's successor pursuant to a plan of reorganization approved in the Reorganization Proceedings or by any other railroad corporation (other than a corporation formed pursuant to the Regional Rail Reorganization Act of 1973) acquiring all or substantially all of the lines (not proposed for abandonment) of railroad of the Debtor or as an obligation, having the same status and priorities as those of the Trustees under this Agreement, by any receiver or receivers in equity, or trustee or trustees, that shall succeed the Trustees; provided, however, that if such provision for the assumption of all of the obligations then existing or to accrue of the Trustees under this Agreement as a general obligation by the Debtor's successor having the same status and priorities of those of the Trustees under this Agreement shall not be made then, at Lessor's option, (a) the Stipulated Loss Value of the Cars shall be paid to the Lessor, with all damages, claims or any other moneys payable to or in favor of the Lessor pursuant to this Agreement and with interest thereon as herein provided to the date of payment thereof or (b) the lease embodied in this Agreement shall be terminated.

No sale or conveyance of all or substantially all of

the lines (not proposed for abandonment) of railroad of the Debtor, other than a sale or conveyance under the Regional Rail Reorganization Act of 1973, shall be made unless (i) the purchaser, or transferee of the purchaser, shall assume and agree to perform each and all of the obligations of the Trustees hereunder, or (ii) provision is made for the payment to the Lessor as provided above in clause (a) of the next preceding paragraph.

Whenever used in this Agreement, the term "Trustees" shall be deemed to include any corporation (including the Debtor), receiver or receivers in equity, trustee or trustees, purchaser or transferee of any purchaser which shall have assumed and agreed to perform each and all of the obligations and covenants of the Trustees hereunder.

The provisions of this Section 12 shall not be construed to limit or prevent any action required to be taken by the Trustees under the terms of the Regional Rail Reorganization Act of 1973.

Section 13. Notices. Any notice required or permitted to be given by or to either party hereto shall be deemed to have been given when deposited in the United States mails, in certified or registered form, postage prepaid.

Section 14. Law Governing. This Agreement shall be construed in accordance with the laws of Pennsylvania; provided, however, that the parties shall be entitled to all rights conferred by Section 20c of the Interstate Commerce Act and such additional rights arising out of the filing, recording, or depositing hereof as shall be conferred by the laws of the several

jurisdictions in which this Agreement shall be filed, recorded or deposited.

Section 15. Modification of Agreement. Except as specifically provided for under the terms of this Agreement, no modification, extension, waiver, renewal or termination of this Agreement, or any of its provisions, shall be binding on either party hereto unless made in writing on its behalf by the duly authorized representative of said party.

Section 16. Annual Reports. On or before March 31 in each year, commencing with the year 1976, Lessee will furnish to Lessor an accurate statement as of the preceding December 31, (a) of Lessee's financial position including a balance sheet and statement of profit and loss and such other information as Lessor shall reasonably request, prepared and certified or reviewed by independent certified public accountants, (b) showing the amount, description and numbers of the Cars then leased hereunder, the amount, description and numbers of all Cars that may have suffered a Casualty Occurrence during the preceding 12 months (or since the date of this Agreement, in the case of the first such statement), and such other information regarding the condition and state of repair of the Cars as Lessor may reasonably request, and (c) stating that, in the case of all Cars repainted during the period covered by such statement, the markings required by Section 6 hereof shall have been preserved or replaced.

Lessor shall have the right, by its authorized representatives but shall be under no obligation, to inspect the Cars

and Lessee's records with respect thereto, at such times as shall be reasonably necessary to confirm to Lessor the existence and proper maintenance thereof during the continuance of the lease embodied in this Agreement. Lessee's obligations respecting the Cars shall not be diminished in any manner by any failure of Lessor to so inspect.

Section 17. Opinion of Counsel. At the time this Agreement is executed, Lessee will deliver to Lessor two counterparts of the written opinion of counsel for Lessee, addressed to Lessor, in scope and substance satisfactory to counsel for Lessor, to the effect that:

A. Trustees are the duly qualified trustees of the property of Debtor, pursuant to an order of the United States District Court for the Eastern District of Pennsylvania in connection with the reorganization proceedings of Debtor, under Section 77 of the Bankruptcy Act;

B. The execution and delivery of this Agreement have been duly authorized by all necessary action and have been approved by the United States District Court for the Eastern District of Pennsylvania in connection with its jurisdiction under Reading Company's petition for reorganization under Section 77 of the Bankruptcy Act, upon due notice, and has been duly executed and delivered by the Trustees and constitutes a valid, legal and binding obligation of Trustees, enforceable in accordance with its terms;

C. This Agreement has been duly filed and recorded with the Interstate Commerce Commission pursuant to Section 20c of the Interstate Commerce Act and such filing and recordation will protect Lessor's interest in and to the Cars and no filing, recording or deposit (or giving of notice) with any other federal, state or local government is necessary in order to protect the interests of Lessor in and to the Cars;

D. No approval is required from any public regulatory body with respect to the Lessee entering into or performing this Agreement;

E. The entering into and performance of this Agreement do not violate and will not result in any breach of, or constitute a default under, any indenture, mortgage, deed of trust, bank loan or credit agreement or other agreement or instrument to which Lessee is a party or by which it may be bound; and

F. No existing mortgage, deed of trust, or other lien of any nature whatsoever which now covers or affects, or which may hereafter cover or affect, any property or interests therein of Lessee, now attaches or hereafter will at any time attach to the Cars or in any manner now affects adversely, or hereafter will at any time affect adversely, Lessor's right, title and interest therein, so long as the Cars remain subject to this Agreement;

provided, however, that such liens (including without limitation the Mortgage and Deed of Trust referred to in the second paragraph of Section 12) may attach to the rights of Lessee hereunder in and to the Cars.

Section 18. Recording; Expenses. Lessee will cause, at its expense, this Agreement and any assignment thereof to be filed and recorded with the Interstate Commerce Commission in accordance with Section 20c of the Interstate Commerce Act. Lessee will undertake the filing, registering, deposit and recording required of Lessor hereunder and will from time to time do and perform any other act and will execute, acknowledge, deliver, file, register, record (and will file, reregister, deposit and redeposit and re-record whenever required) any and all further instruments required by law or reasonably requested by Lessor for the purpose of proper protection, to Lessor's satisfaction, of Lessor's interests in the Cars, or for the purpose of carrying out the intention of this Agreement; and Lessee will promptly furnish to Lessor evidences of all such filing, registering, depositing or recording, and an opinion or opinions of counsel for Lessee with respect thereto satisfactory to Lessor.

Section 19. Federal Income Taxes. If, for each year this lease is in effect, beginning in 1975,

(i) Lessor shall not be entitled to such depreciation deductions, credits and other benefits as are provided for Federal income tax purposes by the Internal Revenue Code of 1954 as amended to the date hereof (the "Code")

to an owner of rehabilitated property, including without limitation the 10% investment tax credit and an allowance for depreciation based on the maximum deduction possible and any accelerated method and Asset Depreciation Range permitted by the Code and the Income Tax Regulations promulgated thereunder in each case based upon the assumption that under the Code, not less than \$12,500 of Lessor's cost of each Car constitutes a qualified investment in new Section 38 property during the calendar year 1975; or (ii) if any such deductions, credits or other benefits are lost, disallowed or recaptured, in whole or in part; or (iii) if the rate, manner or basis of taking any such depreciation deductions, credits or other benefits shall be changed or affected,

in whole or in part by reason of any of the following events:

- (a) "The original use" of the portion of the Cars for which depreciation deductions, credits or other tax benefits are claimed did not commence with the Lessor pursuant to Section 167(c) of the Code and the Income Tax Regulations promulgated thereunder;
- (b) any of the Cars were not placed in a condition or state of readiness and availability for functioning so as to be deemed to be "first placed in service" by Lessor within the year 1975 pursuant to Section 1.167(a)-11 of the Income Tax Regulations;
- (c) any action which Lessee takes or fails to take in respect of its income tax returns or otherwise;

(d) any use, operation, improvement, alteration or location of any of the Cars by Lessee or any other party having possession or control of such Cars, whether or not authorized or contemplated under the terms of this lease;

(e) the removal from service of or substitution for any Car, or the replacement of any part or portion thereof, whether or not such removal, substitution or replacement is authorized or contemplated under the terms of this lease, or by subsequent agreement among the parties hereof;

(f) any change or amendment in the Code or any change in any rule or regulation promulgated by the Internal Revenue Service under the Code prior to the execution of this Agreement; or

(g) Lessee or any officer, employee or counsel thereof shall make any representation of fact, estimate, opinion, or other statement which, in the opinion of the Internal Revenue Service, proves to be fraudulent, untrue, incorrect, misleading, unreasonable, or insufficient in whole or in part; or Lessee or any officer, employee or counsel thereof shall fail to state any material fact in connection with this Agreement or any documents related hereto;

then, whether or not such foregoing event shall be the sole cause of such disallowance, recapture or loss, Lessee agrees to pay Lessor the following amounts:

(a) a sum (computed separately for each taxable year or portion thereof) which, after deduction of all taxes required to be paid by Lessor in respect of the receipt thereof under the laws of the United States or any state, city, or other political subdivision thereof, shall be equal to:

(i) the amount of the investment tax credit lost by Lessor as a result of not being allowed to Lessor in the amounts contemplated as aforesaid; or

(ii) the increase in Lessor's tax on account of the recapture of any investment tax credit contemplated as aforesaid; plus

(iii) an amount sufficient to give Lessor the same after-tax cash flow for such taxable year (or portion thereof) as is contemplated by this Agreement and would have resulted had depreciation deductions and other Federal tax benefits (except investment tax credit) been allowed to Lessor in the amounts contemplated as aforesaid.

(b) the reasonable costs (including without limitation, court costs and reasonable attorneys' fees) and expenses of the Lessor in connection with the payment, or defense against an action for non-payment, of the amounts corresponding to the depreciations benefits or investment credits lost, disallowed, recaptured or which may not be claimed; and

(c) the amount of all interest and penalties which may be assessed by the United States Government, and all other political entities, against Lessor in connection with such loss, disallowance or recapture.

The foregoing amounts shall be payable in cash within ten (10) days after Lessor makes written demand therefor, except as hereinafter provided. This paragraph 19 shall continue in full force and effect, notwithstanding the expiration or other termination of this Agreement.

If, in the opinion of Lessor's tax counsel (hereinafter in this Section 19 referred to as "Counsel"), a bona fide claim to all or a portion of such depreciation deductions, credits or other benefits on any Car exists in respect of which Lessee is required to pay sums to Lessor as above provided, Lessor shall, upon request of the Lessee and at the expense of the Lessee, take all such legal or other appropriate action as shall be deemed reasonable by Counsel in order to sustain such claim. Lessor may take such action prior to making payment of tax with respect to the amounts claimed or may make such tax payment and then sue for a refund. In the latter event, Lessee shall advance to Lessor sufficient funds to make such tax payment together with any penalty or interest asserted by the Government with respect thereto. Lessor shall not be obligated to take any such legal or other appropriate action unless Lessee shall first have indemnified Lessor for all liabilities and expenses which may be incurred in connection therewith and shall have furnished Lessor with such reasonable security therefor as may be requested by Lessor. Lessor shall have the right to

direct Counsel not to take, or to cease taking, any legal or other action deemed reasonable by Counsel in order to sustain any bona fide claim to all or a portion of such depreciation deduction, credits or other benefits, and such action by Lessor shall relieve Lessee of its obligations under this Section 19 in respect of such claim or portion thereof not so contested. In the event any taxes, penalty or interest paid by Lessor out of funds advanced by Lessee as aforesaid shall be refunded as a result of such legal action, Lessor shall pay to Lessee such refunded amounts, including any interest thereon paid by the Government.

Upon receipt by Lessor and/or Lessee of any notice from the Internal Revenue Service of disallowance or proposed disallowance of any such depreciation deduction, credits or other benefits on any Car, Lessor or Lessee, as the case may be, shall give the other prompt notice thereof and shall keep the other informed as to the status and progress of any proceedings in connection therewith.

In the event that any payments are made pursuant to the foregoing provisions of this Section 19, the Stipulated Loss Values set forth in Section 8 of this Agreement applicable on and after the next succeeding rental payment date after this foregoing payment has been made shall be modified to reflect such payment.

If Lessee shall have paid to Lessor the Stipulated Loss Value of a Car pursuant to Section 8 hereof, Lessee shall not be required to again pay to Lessor so much of the amounts provided for in this Section 19 with respect to such Car as was included in the Stipulated Loss Value of such Car previously paid.

Section 20. Severability. Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability in any jurisdiction shall not invalidate or

Section 21. Other Obligations. Lessee agrees that, during the term of this Agreement, Lessee will not assume or enter into any other leases of equipment, equipment trust agreements, conditional sale agreements or other liabilities or obligations in connection with the leasing or financing of the acquisition of equipment or other tangible personal property, (i) if such liabilities or obligations would be entitled, directly or indirectly, to any priority in right of payment over the obligations of the Lessee under this Agreement, or (ii) if such liabilities or obligations would be secured, directly or indirectly, by any mortgage, lien or other security interest in property of the Debtor or Lessee (except the equipment or other property involved in the particular transaction) unless the obligations of the Lessee under this Agreement are equally and ratably secured thereby, provided that nothing herein shall restrict the right of the Trustees to issue and sell trustees' certificates for any proper purpose.

Section 22. Additional Information. In addition to the information called for by Section 16 hereof, Lessee will furnish to Lessor such other information, including but

not limited to information with respect to Lessee's financial position and business and with respect to the Cars, at such times and for such period or periods as Lessor may from time to time reasonably request.

Section 23. Termination after Conveyance or Abandonment of Other Railroad Properties. Lessor, at its option, may, by written notice to Lessee, terminate the lease embodied in this Agreement at any time after thirty percent (30%) or more of the total miles of first track of the Debtor in existence on June 1, 1975 shall have been conveyed or abandoned, unless, prior to such time, (i) a Successor, a government corporation, agency or other public entity or a corporation formed under the Regional Rail Reorganization Act of 1973 shall have duly assumed the obligations of the Lessee hereunder, as provided in Subsection F or Subsection G of Section 10 hereof or (ii) the obligations of the Lessee under this Agreement shall have been duly assumed by a third party of reliable standing with the financial community which shall have been approved in writing by Lessor, as provided in Section 12 hereof.

Section 24. Miscellaneous. Any other provision contained in this Agreement to the contrary notwithstanding, it is hereby agreed that, unless clearly inappropriate by its terms, the termination of the leasing of the Cars under the terms of the lease embodied in this Agreement, shall not cut off or otherwise in any way adversely affect any accrued rights of either party hereunder.

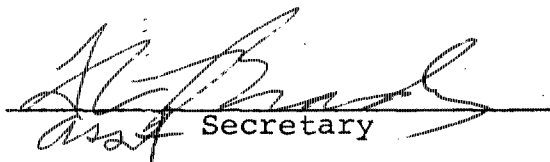
Subject to the provisions hereof, this Agreement shall bind and inure to the benefit of the parties hereof and their respective successors and assigns.

The parties hereto agree that, in connection with the performance of all acts and duties required hereunder, time is of the essence of this Agreement.

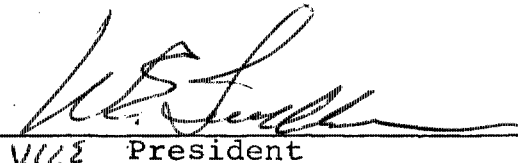
IN WITNESS WHEREOF, INTENDING TO BE LEGALLY BOUND HEREBY, Lessor and Lessee, each pursuant to due authority, have caused these presents to be signed in their respective names and their respective seals to be hereunto affixed as of the date first above written.

ATTEST:


U. S. STEEL CREDIT CORPORATION

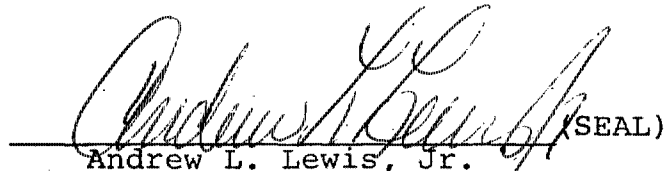

Asst Secretary


By


Vice President

WITNESS:


Elizabeth M. Woodward


Andrew L. Lewis, Jr. (SEAL)


Joseph L. Castle (SEAL)
As Trustees of the
property of Reading
Company, Debtor, and
not individually

COMMONWEALTH OF PENNSYLVANIA:

COUNTY OF ALLEGHENY : ss.
:

On this *14th* day of July , 1975, before me
me personally appeared W. E. Lewellen , to me
personally known, who, being by me duly sworn, says that he
Vice
is/President of U. S. STEEL CREDIT CORPORATION, that the
seal affixed to the foregoing instrument is the corporate
seal of said corporation, that said instrument was signed
and sealed on behalf of said corporation by authority of its
Board of Directors and he acknowledged that the execution of
the foregoing instrument was the free act and deed of said
corporation.

Diane L. Powell
Notary Public

My Commission Expires:

DIANE L. POWELL, Notary Public
PITTSBURGH, ALLEGHENY COUNTY, PA.
MY COMMISSION EXPIRES
OCTOBER 17, 1977

(Notarial)

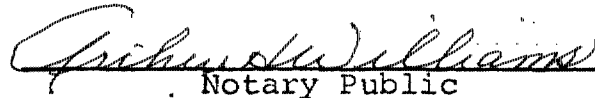
COMMONWEALTH OF PENNSYLVANIA:

: SS.

COUNTY OF PHILADELPHIA

:

On this *15th* day of *July*, 1975, before me personally appeared ANDREW L. LEWIS, JR. and JOSEPH L. CASTLE, Trustees of the property of Reading Company, Debtor, signers and sealers of the foregoing instrument, and each of them acknowledged the same to be his free act and deed, as such Trustee, before me.


Notary Public

(Notarial Seal)

Notary Public, Philadelphia, Philadelphia Co.
My Commission Expires January 17, 1978

CERTIFICATE OF ACCEPTANCE

Under Lease of Railroad Equipment dated as of June 1, 1975.

The undersigned, being the duly authorized representative of Andrew L. Lewis, Jr. and Joseph L. Castle, Trustees of the property of Reading Company, Debtor (Trustees), hereby certifies that the following rehabilitated railroad hopper cars referred to in the Lease of Railroad Equipment (Lease) between U. S. Steel Credit Corporation and the Trustees, dated as of June 1, 1975:

Reading Company's

Quantity	Identifying Numbers	Date
----------	------------------------	------

have been duly delivered in good order by U. S. Steel Credit Corporation to the Trustees as lessee under the Lease and have been duly inspected and accepted by the undersigned on the said date on behalf of the Trustees as lessee as conforming in all respects to the requirements and provisions of the Lease.

The undersigned further certifies that at the time of its delivery to the Trustees each car covered by this Certificate was properly marked on each side thereof with the legend provided in Section 6 of the Lease.

Authorized Representative of
Andrew L. Lewis, Jr. and
Joseph L. Castle, Trustees of the
property of Reading Company, Debtor

SCHEDULE OF STIPULATED LOSS VALUES

Percentage of Lessor's purchase costs of the cars and rehabilitation costs to be paid pursuant to Sections 8 and 10 of that certain agreement to lease dated as of June 1, 1975, made between U. S. Steel Credit Corporation and Andrew L. Lewis, Jr. and Joseph L. Castle, Trustees of the property of Reading Company, Debtor.

Prior to
Payment No.

1	103.000	25	78.181
2	103.180	26	76.613
3	103.583	27	75.220
4	103.916	28	73.761
5	103.593	29	66.832
6	103.189	30	64.995
7	103.162	31	63.332
8	103.069	32	61.604
9	102.613	33	59.574
10	102.081	34	57.467
11	101.779	35	55.534
12	101.413	36	53.534
13	95.523	37	51.232
14	94.726	38	48.851
15	94.154	39	46.908
16	93.517	40	44.399
17	92.533	41	41.831
18	91.474	42	39.195
19	90.617	43	36.694
20	89.687	44	34.134
21	83.292	45	31.514
22	81.990	46	28.586
23	80.864	47	25.782
24	79.673	48	22.920

After Payment No. 48- 20.000

8263

NOTICE OF ASSIGNMENT

This is to advise that, effective April 1, 1976,
12:01 a.m., the Financing Agreement described below has
been assigned to the Consolidated Rail Corporation by the
Trustees of: Reading Company
1 Plymouth Meeting
Plymouth Meeting, PA 19452

The Financing Agreement is a Lease
, dated June 1, 1975
bearing the ICC recordation number 7994
The payee's name and address is: U.S. Steel Credit Corporation
P.O. Box 7591
Chruch Street Station
New York, NY 10249

This Notice of Assignment has been placed in the
file of the ICC recordation number listed above and the entire
assignment is contained in the ICC recordation file stamped
in the margin of this assignment. A copy hereof will be
promptly mailed to the payee listed above for distribution
to the beneficial holder(s) of the Financing Agreement described
in this Notice of Assignment.

Consolidated Rail Corporation